

B.C.C.I. and MISC.



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# Eight countries seize bank

## BCCI accused of widespread fraud and money laundering

By COTTEN TIMBERLAKE  
The Associated Press

LONDON — Eight countries joined on Friday to seize assets and shut down operations of a large private bank once implicated in money laundering for deposed Panamanian leader Manuel Noriega.

The Bank of England cited evidence of widespread fraud going back years for the concerted action against the Bank of Credit and Commerce International SA, which operates in 69 countries and has an estimated \$20 billion in assets.

Banking authorities in Luxembourg, the Cayman Islands, the United States, Switzerland, Spain, Canada, and France also moved against BCCI on Friday.

Robin Leigh-Pemberton, governor of the Bank of England, said evidence suggested BCCI was loaning money to business executives without expecting to be repaid or was fabricating the existence of loans.

"It is large. It is extensive. It has probably been going on for some time," Leigh-Pemberton told a news conference. "There was concealment of losses, false accounting, and other devices which has been highly deceptive."

In the United States, where BCCI's operations had been curtailed in recent months, banking authorities seized control of the bank's branches in New York and California.

"It's unique as far as we know," said a Bank of England official, speaking on condition of anonymity. "So

far as we're aware we can't think of anything that has been as big as far as the number of institutions and the scope."

Not all BCCI operations were affected. The BCC (Emirates), a commercial banking operation based in Abu Dhabi, and Bank of Credit and Commerce Hong Kong Ltd. were still operating, for example.

Britain's central bank said it has referred the case to a British prosecuting agency, the Serious Fraud Office.

BCCI officials had no comment, a London switchboard operator said, referring calls to the central bank.

Once one of the world's largest private banks, BCCI is registered in Luxembourg and based in Abu Dhabi, the largest of the United Arab Emirates. The bank is controlled by the ruler of Abu Dhabi and president of the U.A.E., Sheik Zayed Al Nahayan.

Two divisions of BCCI pleaded guilty in Tampa, Fla., last year to laundering \$14 million as part of a \$32 million global money-laundering case.

Five former BCCI bankers and a Colombian businessman were also convicted of conspiracy and drug money-laundering counts.

A U.S. investigation of BCCI has showed it laundered money for Noriega, the ex-Panamanian dictator seized by U.S. authorities last year and now facing bribery charges in Miami. The investigation also showed one of the convicted

BCCI COMPANIES AND SUBSIDIARIES	
Arab Investors	BCCI Holdings, S.A. (Luxembourg) Agha Hasan Abedi Founder and chairman 1972-1988
Credit and Commerce	Sheik Zayed al-Nahyan (Abu Dhabi) Majority shareholder 1990-
American Holdings N.V. (Netherlands Antilles)	Kuwait International Finance Co.
First American Corp. (Washington, D.C.)	Other
Clark Clifford, chairman	Bank of Credit and Commerce International Bank of New York
Robert Altman, president	First American Bank of Maryland
First American Bankshares (Washington, D.C.)	Valley Fidelity Bank and Trust Company (Knoxville, Tenn.)
Clark Clifford, chairman	First American Bank of Pensacola
Jack Beddow, president and CEO	First American Bank of Georgia (formerly National Bank of Georgia)
First American Bank of Virginia	First American International Bank (Miami)
First American Bank of Washington, D.C.	Other Third World subsidiaries
First American Bank of Pensacola	London Nigeria Frenchophone Africa Paris Egypt Florida (Miami, Tampa)
First American Bank of Georgia (formerly National Bank of Georgia)	Abu Dhabi Los Angeles Other Euro and Middle subsidiaries

BCCI officers, Amjad Awan, once served as Noriega's personal banker. BCCI itself was never charged with laundering Noriega's money.

Friday's joint action does not affect U.S. banks in which BCCI has a controlling interest, First American Bankshares of Washington, and Independence Bank of Encino, Calif., the Federal Reserve Board said.

First American was known as Financial General Bankshares when it was tak-

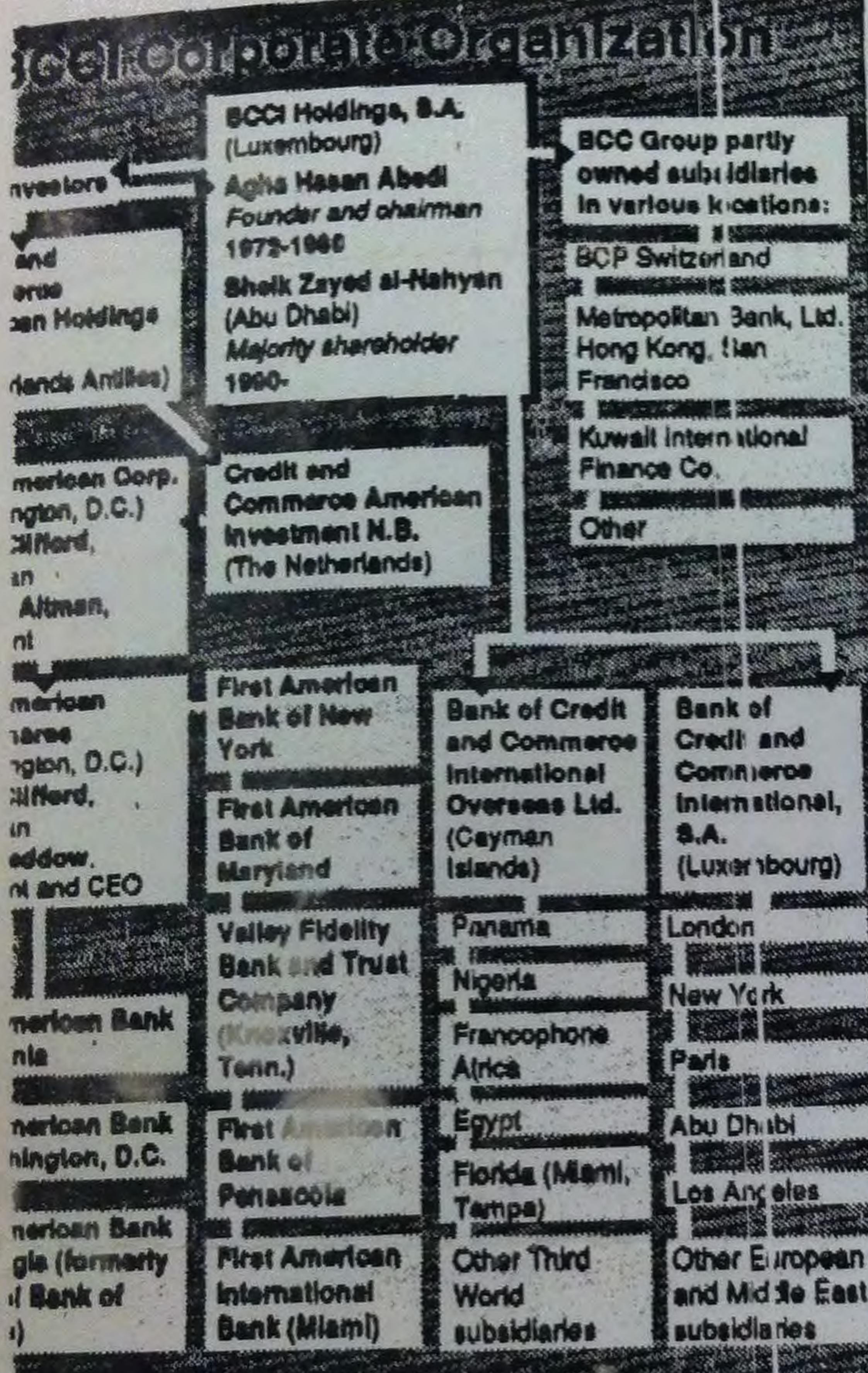
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The money-laundering scandal has raised questions about the involvement of First American's chairman, former U.S. Defense Secretary Clark Clifford.

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## CHRONOLOGY

Here is a chronology of key events surrounding the Bank of Credit and Commerce International SA. Seven countries seized BCCI operations Friday because of what regulators called evidence of widespread fraud.

- 1972: BCCI founded by a group of Pakistani bankers.
- 1982: Persian Gulf Investors with stake in BCCI acquire First American Bankshares Inc. of Washington, then known as Financial General Bankshares. Its chairman, former Defense Secretary Clark Clifford, assures U.S. banking authorities First American would operate separately from the BCCI.
- July, 1986: U.S. undercover agents begin a Columbian drug money laundering investigation.
- 1987: Laundering investigation spreads to BCCI.
- October, 1988: Federal officials indict 85 people and companies in a \$32 million global money-laundering case. Among the defendants were two BCCI subsidiaries and nine bank officials.
- Jan. 16, 1990: Two BCCI divisions plead guilty money laundering charges in federal court in Florida. As part of the plea agreement, BCCI agrees to forfeit a record \$14 million in assets frozen by the U.S. government — the largest ever by a financial institution in the United States.
- April 1990: The government of Abu Dhabi, the largest of the United Arab Emirates, and its ruler, Sheik Zayed al-Nahyan, purchase a majority stake in BCCI.
- July 30, 1990: Five of BCCI's officers and a Colombian businessman are convicted of conspiracy in a scheme to launder \$32 million in cocaine profits. Among them was Amjad Awan, a former BCCI executive and once the personal banker of ousted Panamanian dictator Manuel Noriega.
- Dec. 1, 1990: Awan gets 12 years in federal prison. Four other BCCI officers sentenced to terms ranging from 3 years to 12 years.
- March 4, 1991: BCCI says it will relinquish investment in First American Bankshares, the largest bank holding company in the Washington area.
- May 7: U.S. banking regulators reveal that BCCI had secretly acquired control of Independence Bank, in Encino, Calif.
- March 24: Time Magazine reports BCCI hired former federal Budget Director Bert Lance to help it gain a foothold in the U.S. banking market.
- June 26: Clark Clifford testifies before a federal grand jury he didn't know of BCCI's hidden stock ownership of First American Bankshares.
- July 6: Bank regulators in eight nations seize BCCI operations; the Bank of England alleges the bank engaged in "widespread fraud over a prolonged period."

eral investigation to determine if he or his associates concealed the BCCI interests.

The accounting firm Touche Ross has been appointed by the British courts to oversee the BCCI's assets, which total about \$7.4 billion in Britain and Luxembourg, the Bank of England said.

BCCI was founded in the

early 1970s by Pakistani banker Agha Hasan Abedi and grew over the years. It is the private bank of the Abu Dhabi royal family.

The bank was headquartered in London until last year, when it was taken over by Sheik Zayed. The Bank of England said it holds a 77 percent interest in BCCI.

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Key individuals and organizations	
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American Corp. ington, D.C.) Held, in Altman, nt American ures ington, D.C.) Held, in address, nt and CEO	Credit and Commerce American Investment N.V. (The Netherlands)
First American Bank of New York	First American Bank of Maryland
Valley Fidelity Bank and Trust Company (Knoxville, Tenn.)	Bank of Credit and Commerce International Overseas Ltd. (Cayman Islands)
First American Bank of Pensacola	Panama
First American International Bank (Miami)	Nigeria
Other Third World subsidiaries	Francophone Africa
	Egypt
	Florida (Miami, Tempe)
	Other European and Middle East subsidiaries

# BCI CORP. 1991 PROFILE

## Arab Investors

Credit and  
Commerce

American Holdings  
N.V.  
(Netherlands Antilles)

First American Corp.  
(Washington, D.C.)

Clark Clifford,  
chairman  
Robert Altman,  
president

First American  
Bankshares  
(Washington, D.C.)  
Clark Clifford,  
chairman  
Jack Beddow,  
president and CEO

First American Bank  
of Virginia

First American Bank  
of Washington, D.C.

First American Bank  
of Georgia (formerly  
National Bank of  
Georgia)

BCCI Holdings, S.A.  
(Luxembourg)

Agha Hasan Abedi  
Founder and chairman  
1972-1990

Sheik Zayed al-Nahyan  
(Abu Dhabi)  
Majority shareholder  
1990-

Credit and  
Commerce American  
Investment N.V.  
(The Netherlands)

First American  
Bank of New  
York

First American  
Bank of  
Maryland

Valley Fidelity  
Bank and Trust  
Company  
(Knoxville,  
Tenn.)

First American  
Bank of  
Pensacola

First American  
International  
Bank (Miami)

BCI Group per  
owned subsidiary  
in various loca-

BCI Switzerland  
Metropolitan Bank  
Hong Kong, San  
Francisco

First American  
International  
Finance Co.

Other

Bank of Credit  
and Commerce  
International  
Overseas Ltd.  
(Cayman  
Islands)

Pearlins  
Nigeria  
Francophone  
Africa

Egypt  
Florida (Miami,  
Tampa)

Other Third  
World  
subsidiaries

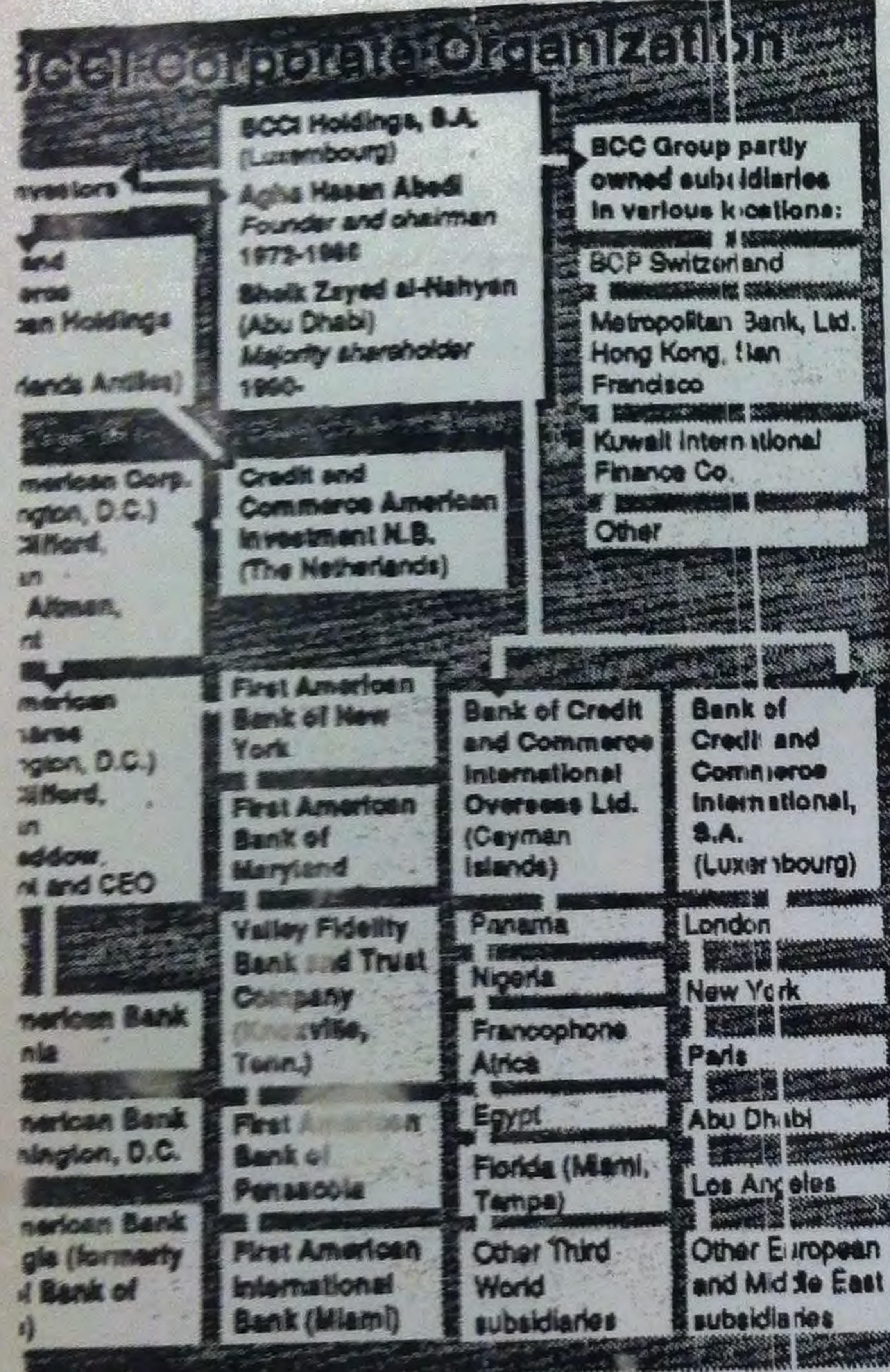
Bank of  
Credit et  
Commerce  
International  
S.A.  
(Luxembourg)

London  
New York  
Paris

Abu Dhabi  
San Fran-  
cisco  
Los Ange-

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